



VARTA

Corporate News on final figures 2020

VARTA AG achieves record results, announces cylindrical lithium-ion high-performance cell

- Highly dynamic growth of around 140% in Group revenue to approximately € 870m.
- Organic revenue growth excluding first-time consolidation of VARTA Consumer amounts to around 47%.
- Adjusted EBITDA rises by roughly 147% to approximately € 241m.
- Adjusted EBITDA margin improves to around 27.7%.
- Microbatteries & Solutions segment records very strong fiscal year performance.
- Very positive development in the Household Batteries segment.
- Start of dividend payments: Roughly € 100m to be paid out.
- Development of cylindrical lithium-ion cells is well on course and being met with high customer interest.
- Promising outlook for 2021: Revenue and profit will once again increase in fiscal year 2021: Adjusted EBITDA margin to improve to around 30%.

Ellwangen, 31st March, 2021. VARTA AG can look back with satisfaction on a year in which the Company recorded historic financial results. There was organic growth of 50% in revenue, while the increase in absolute terms totaled 140%. In this context, adjusted EBITDA improved by around € 150m. The guidance, which had already been raised twice in the previous year, has once again been exceeded. The technology company based in Ellwangen (Baden-Württemberg/Germany) is also very optimistic for the current fiscal year. VARTA's revenue and profit will increase further on the back of an anticipated strong second half of the year. At year-end at the Ellwangen site, a high-performance lithium-ion round cell in 21700 format will be manufactured on a pilot production line. These cells offer advantages for applications such as power tools but can also be used for concepts in the automotive sector. As previously announced, in light of an exceptional fiscal year, the Executive Board has resolved to make dividend payments totaling around € 100m to shareholders. The dividend totals € 2.48 per share, although approval from the Annual General Meeting in June is still pending.

Herbert Schein, CEO of VARTA AG: "We are proud of a historic fiscal year – the best so far in the 135 years of our company's history. We recorded growth of 140% in the prior year, while organic revenue growth alone amounted to just below 50%. Growth for organic EBITDA totaled just below 100%. All business segments have exceeded their previous year's successes once again. We will also continue on our growth path this year. With the new lithium-ion round cells, which will be manufactured on a pilot production line at the end of the year, we are seeking to tap into new business areas. Our cylindrical high-performance lithium-ion cells are another big step for VARTA following on from the success of CoinPower."

Armin Hessenberger, Chief Financial Officer (CFO) of VARTA AG, adds: "VARTA AG has an equity ratio of 44% and is starting 2021 practically debt-free following a massive investment program (Net Debt to EBITDA ratio stood at 0.06% as at fiscal year-end 2020). VARTA AG is therefore well positioned for the next expansion steps.



Group revenue rose by approximately 140% to around € 870m during fiscal year 2020. Excluding the first-time consolidation of VARTA Consumer, this growth stands at around 47%. By scaling the business model, growth in operating earnings outpaced that of revenue. Adjusted EBITDA increased by around 147% to approximately € 241m. Excluding the first-time consolidation of VARTA Consumer, this growth stands at around 92%. The adjusted EBITDA margin stands at around 27.7% (previous year: 26.9%).

VARTA AG - Group

In €m	2019 ⁽¹⁾	2020	
Revenue	362.7	869.6	140%
Adjusted EBITDA	97.5	241.0	147%
Adjusted EBITDA margin	26.9%	27.7%	+0.8 PP

⁽¹⁾ The previous year's figures have been adjusted to the new segmentation (retrospective pro forma adjustment)

Very strong growth for the “Microbatteries & Solutions” segment in fiscal year 2020

Revenue in the Microbatteries & Solutions segment increased very dynamically by 49% to approximately € 508m. By far the strongest revenue growth is again being recorded for rechargeable lithium-ion batteries for high-tech consumer products, particularly Premium True Wireless Stereo Headsets (TWS). This is a consequence of continued high customer demand in a market subject to highly dynamic growth. As leaders in technology and innovation, VARTA AG is growing significantly faster than the market as a whole and has established a highly successful business model.

VARTA has been able to further expand its market position in the rechargeable hearing aid segment. High growth has continued in its business with smart, modular energy solutions (Power Pack Solutions) due to the new customer projects that were initiated over the course of the prior year.

Once again, there was a step-change improvement in adjusted EBITDA, rising on this occasion by 96% to approximately € 187m, comfortably exceeding revenue growth in the process. The adjusted EBITDA margin has markedly improved by approximately 8.8 percentage points and now amounts to 36.9% of revenue.

Microbatteries & Solutions segment

In €m	2019 ⁽¹⁾	2020	
Revenue	340.9	508.1	49%
Adjusted EBITDA	95.5	187.0	96%
Adjusted EBITDA margin	28.0%	36.8%	+8.8 PP

⁽¹⁾ The previous year's figures have been adjusted to the new segmentation (retrospective pro forma adjustment)



Household Batteries segment makes further positive contribution to growth

The Household Batteries segment encompasses Consumer Batteries in addition to the Energy Storage Solutions business. In the previous year, only the Energy Storage Solutions business was included in the segment reporting. The revenue share of Consumer Batteries amounts to 91% and has developed better than expected over the reporting period. Profitability improved over the course of the year by focusing on the brand business, while the Energy Storage Solutions business has seen very dynamic growth that outpaced the market.

Household Batteries segment:

In €m	2019 ⁽¹⁾	2020	
Revenue	21.4	361.2	n.a
Adjusted EBITDA	2.0	54.0	n.a
Adjusted EBITDA margin	9.3%	15.0%	+5.7 PP

⁽¹⁾ The previous year's figures have been adjusted to the new segmentation (retrospective pro forma adjustment)

Outlook: Innovative cells open up new business areas, further revenue growth and above-average profit increase expected

At the end of the year, VARTA will start manufacturing a new lithium-ion round cell in 21700 format on a pilot production line. These cells are characterized by very low internal resistance, which enables very rapid charging and discharging. They are therefore above all suited for applications requiring a high energy output. Application areas could include supplying electricity for tools requiring high levels of power and torque such as drills, grinding machines and other devices. However, the cells also offer advantages in new drive concepts in the automotive sector.

VARTA AG has benefited from a funding commitment totaling around € 300m as part of an Important Project of Common European Interest (IPCEI). The funds are to be put toward research and development in lithium-ion technology and the development of new lithium-ion batteries.

VARTA AG is looking ahead to fiscal year 2021 with great optimism. The structural growth in the core markets, what we regard as our strong market position in these core markets and the planned expansion of production capacities for lithium-ion batteries will lead to positive business development in fiscal year 2021. The company is additionally very well positioned despite the ongoing COVID-19 pandemic. Production at our own locations has been uninterrupted since the start of the pandemic, with supply chains unaffected as a result.¹

¹ Adverse impacts on our customers' businesses as a result of COVID-19 and USD/EUR exchange rate fluctuations cannot be ruled out. At the time of publication of this Corporate News, these effects were not assessable and could therefore not be factored into planning.



VARTA

The Group is anticipating high single-digit percentage organic revenue growth and a significant double-digit percentage profit increase for the current fiscal year. Revenue is expected to stand at around € 940m, above all boosted by strong growth in the second half-year. Above-average growth to up to 30% of revenue is anticipated for the relative margin of adjusted operating income. This equates to an increase of up to 2.5 percentage points and underscores VARTA AG's earning power. The demand for rechargeable VARTA lithium-ion batteries for high-tech consumer products, above all TWS, remains very high. As leaders in technology and innovation, VARTA is benefiting from the trend toward ever smaller and more powerful button cell batteries.

Financial results can be accessed at:

<https://www.varta-ag.com/publications/>

Dates:

May 12, 2021	Interim report Q1 2021
June 17, 2021	Annual General Meeting
August 13, 2021	Half-year report 2021
November 11, 2020	Interim report Q3 2021

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About VARTA AG

VARTA AG produces and markets a comprehensive battery portfolio that ranges from microbatteries, household batteries and energy storage systems all the way to customer-specific battery solutions for a wide range of uses, setting the industry standards as technology leader in many important areas. As the parent company of the Group, it is active in the “Microbatteries & Solutions” and “Household Batteries” business segments.

The “Microbatteries & Solutions” segment focuses on the OEM business for microbatteries and the lithium-ion battery pack business. Through intensive research and development, VARTA sets the global standards in the microbatteries segment and is a recognized innovation leader in the important growth markets of lithium-ion technology and primary hearing aid batteries. The “Household Batteries” segment covers the battery business for end customers, including household batteries, rechargeable batteries, chargers, portable power (power banks), lights and energy storage systems. The VARTA AG Group, headquartered in Ellwangen, currently employs almost 4,800 staff. VARTA AG's operating subsidiaries are currently active in more than 75 countries around the world, with five production and assembly facilities in Europe and Asia as well as distribution centers in Asia, Europe and the USA.